



**STATEMENT OF  
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DEPUTY EXECUTIVE DIRECTOR  
PARALYZED VETERANS OF AMERICA  
BEFORE THE  
COMMITTEE ON THE BUDGET  
UNITED STATES HOUSE OF REPRESENTATIVES  
CONCERNING  
DEPARTMENT OF VETERANS' AFFAIRS BUDGET PRIORITIES  
FISCAL YEAR 2005**

**FEBRUARY 12, 2004**

Mr. Chairman and members of the Committee, as one of the four veterans services organizations publishing *The Independent Budget*, Paralyzed Veterans of America (PVA) is pleased to present the views of *The Independent Budget* regarding the funding requirements for the Department of Veterans Affairs (VA) health care system for FY 2005.

This is the eighteenth year, PVA, along with AMVETS, Disabled American Veterans and Veterans of Foreign Wars have presented *The Independent Budget*, a policy and budget document that represents the true funding needs of the Department of Veterans Affairs. *The Independent Budget* uses commonly accepted estimates of inflation, health care costs and health care demand to reach its recommended levels. This year, the document is endorsed by 32 veterans service organizations, and medical and health care advocacy groups.

Although outside the immediate control of this Committee, we are becoming increasingly troubled by the delays in enacting VA appropriations. In FY 2000, VA appropriations were not enacted until October 20<sup>th</sup>, in FY 2001 October 27<sup>th</sup>, in FY 2002 November 26<sup>th</sup>, in FY 2003 February 20<sup>th</sup>, and this year, January 23<sup>rd</sup>. For the past two years alone, the VA has had to struggle under the already inadequate funding levels established for the prior year fully one-third of the way through the new fiscal year. These delays directly affect the health care received by veterans, and have severe consequences upon the VA's ability to adequately plan for providing this care. This deplorable state further points to the importance of a mandatory funding mechanism for VA health care. But until that happens, we ask that this Congress move expeditiously to put the necessary funding levels in place by the start of FY 2005.

This year, as we did last year, *The Independent Budget* is presented in the traditional account format. The VA is once again presenting its budget in the format it unveiled last year, a format that did not find wide acceptance. Last year, the House Appropriations Committee adopted its own format, a format which, in modified form, is found in the

enacted Omnibus spending bill. Until this format dispute is settled, and until we have adequate data in which to analyze the VA health care system under whichever format is adopted, we will continue to utilize the traditional account structure. It can become confusing amid the din of competing dollar amounts based upon these different formats, but we ask you to compare oranges to oranges and to bear in mind that attractive numbers may not exactly match reality.

The Administration's budget request for health care is a shocking one, providing once again a woefully inadequate funding level for sick and disabled veterans. Calling for only a \$310 million increase in appropriated dollars, a mere 1.2 percent increase over FY 2004, this is the smallest health care appropriation request of any Administration in nearly a decade. Indeed, the VA Under Secretary for Health testified just last year that the VA requires a 13 to 14 percent increase just to keep its head above water.

Once again, we are faced by a request that relies far too heavily on budgetary gimmicks and accounting sleight of hand rather than on real dollars that veterans need. The Administration is again resurrecting its enrollment fee and increased copayment schemes, proposals soundly rejected by both the Senate and the House of Representatives. And once again we see unrealistic "management efficiencies" utilized to mask how truly inadequate this budget is. The VA must be accorded real dollars in order to care for real veterans. Shifting costs onto the back of other veterans is not the way to meet this federal responsibility. Punitive copayments and charges are designed not so much to swell projected budget increases as they are to deter veterans from seeking their care at VA medical facilities. Imagine the effect of these additional costs on those who have no other choice but to get care at VA.

For FY 2005, *The Independent Budget* recommends a Medical Care amount of \$29.791 billion. This figure does not include funds attributed to MCCF, which we believe should be used to augment a sufficient appropriated level of funding. This amount represents an increase of \$3.2 billion over the amount provided in FY 2004. This recommendation does not rely upon phantom "management efficiencies," nor does it require veterans to pay more in order for other veterans to receive care. Overall, for discretionary spending, we are recommending \$33.596 billion, \$3.8 billion above the Administration's discretionary spending proposal.

*The Independent Budget* recommendation is a conservative one. The VA health care system, in order to fully meet all of its demands and to ameliorate the effects of chronic under-funding, could use many more dollars. *The Independent Budget* recommendation provides for the impact of inflation on the provision of health care, and mandated salary increases of health care personnel. It provides resources to begin funding the VA's critical fourth mission to back up the Department of Defense health care system. Make no mistake about it, the VA will be spending money to comply with its new responsibilities in this area, and if specific funding is not included, then these resources will have to come directly from dollars used to care for sick veterans. It provides increased prosthetics funding and long-term care funding, and provides enough resources, we believe, to enroll Priority 8 veterans. With the VA's decision to cease enrolling

Priority 8 veterans, undertaken only because of the lack of resources, we are losing an entire class of veterans, veterans who are an integral part of the VA health care system.

Of course, these recommendations are only estimates, and our crystal ball is often cloudy. Health care inflation may be higher, or lower than we have estimated. Demand may increase, or decrease. The implications, as they pertain to VA health care funding estimates, of the two-year grant of health care eligibility to recently discharged or released active duty personnel as provided in P.L. 105-363, are difficult to account for. But what we must account for, and provide for, are the necessary resources for the VA to meet its responsibilities, and this Nation's responsibilities, to sick and disabled veterans. These resources must be provided in hard dollars, and not dollars magically realized out of the thin air of "management efficiencies" and other budgetary gimmicks.

Although much is inherently uncertain, we are certain that the VA cannot continue to provide adequate health care for veterans if it receives the meager \$310 million increase in appropriated dollars recommended by the President. Indeed, the Secretary of Veterans Affairs last week during budget testimony before the Committee on Veterans' Affairs stated that the VA's budget submission was \$1.2 billion below what the Department requested from the Administration.

For Medical and Prosthetic research, *The Independent Budget* is recommending \$460 million. This represents a \$54 million increase over the FY 2004 amount. Sadly, the Administration has proposed cutting research by approximately \$21 million. Accepting this level of \$385 million would set the research grant program back six years to FY 1999 funding levels. This program is a vital part of veterans' health care, and an essential mission for our national health care system. We must provide additional dollars for VA research as we provide additional funding for our other national research endeavors. Over the course of five years, the budget for the National Institutes of Health was doubled. We should seek a similar commitment for VA research.

In closing, the VA health care system faces two chronic problems. The first is underfunding which I have already outlined. The second is a lack of consistent funding. The budget and appropriations process over the last number of years demonstrates conclusively how the VA labors under the uncertainty of not only how much money it is going to get, but, equally important, when it is going to get it. No Secretary of Veterans Affairs, no VA hospital director, and no doctor running an outpatient clinic knows how to plan for and provide care on a daily basis without the knowledge that the dollars needed to operate those programs are going to be available when they are needed.

The only solution we can see is for this Congress to approve legislation removing VA health care from the discretionary side of the budget process and making annual VA budgets mandatory. The health care system can only operate properly when it knows how much it is going to get and when it is going to get it.

We ask that this Committee provide the resources necessary in the FY 2005 Budget Resolution to provide our recommended funding level of \$29.8 billion for veterans' health care.

This concludes my testimony. I will be happy to answer any questions you may have.

**Information Required by Rule XI 2(g)(4) of the House of Representatives**

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

***Fiscal Year 2003***

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$220,000 (estimated).

***Fiscal Year 2002***

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$179,000.

***Fiscal Year 2001***

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$242,000.

**JOHN C. BOLLINGER**  
**DEPUTY EXECUTIVE DIRECTOR**  
**PARALYZED VETERANS OF AMERICA**

John Bollinger became deputy executive director for the Paralyzed Veterans of America (PVA ) in January 1992. Previously, he served as the organization's national Advocacy Director and was responsible for all civil rights disability issues affecting the members of PVA. As PVA's Deputy Executive Director, he is responsible for the day-to-day operations of the organization.

Mr. Bollinger joined PVA in 1987 as Associate Director of Legislation. In this capacity, he worked primarily on veterans' health care and benefit issues. From 1989-2000, he served on the Executive Committee of the President's Committee on the Employment of people with Disabilities.

Prior to his employment at PVA, he worked for the Department of Veterans Affairs (VA) from 1972 to 1987. While at VA, he held a number of positions in the Veterans Benefits Department, including veterans' benefits counselor and management analyst. From 1986 to 1987, he served as assistant to the Administrator of Veterans Affairs.

John grew up in Pittsburgh, Pennsylvania, graduated from Muskingum College and is a veteran of the United States Navy. He was retired from the navy in 1970 due to a service-connected disability. He has two grown children and currently resides in Alexandria, Virginia with his wife.